

February 11, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE AND AUTHORIZE EXECUTION OF A "CONSENT LETTER"
CONSENTING TO A "CHANGE OF CONTROL" OF THE CABLE
TELEVISION FRANCHISES FOR THE LOS ANGELES COUNTY
UNINCORPORATED AREAS OF AGOURA, GLENDORA, HACIENDA
HEIGHTS, LA HABRA HEIGHTS, MARINA DEL REY, ROWLAND
HEIGHTS AND SOUTH WHITTIER HELD BY ADELPHIA
COMMUNICATIONS CORPORATION RESULTING FROM THE
MERGER OF AT&T CORPORATION AND COMCAST CORPORATION**

(1ST, 3RD, 4TH AND 5TH DISTRICTS) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Director of the Department of Consumer Affairs to execute a "Consent Letter" substantially similar in form to the attached "Consent Letter", approving the change of control of the cable television franchises for the Agoura, Glendora, Hacienda Heights, La Habra Heights, Marina del Rey, Rowland Heights and South Whittier unincorporated areas.
2. Find this action consenting to the change of control of the cable television franchises is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 (b) of the State CEQA Guidelines.

PURPOSE / JUSTIFICATION OF RECOMMENDED ACTION

On July 19, 2002, your Board approved granting consent to a change of control for five (5) existing unincorporated area cable television franchises wholly owned by AT&T Broadband Corporation. This was requested due to an impending merger between, AT&T Broadband Corporation and Comcast Corporation (See Doc. No. CA 02-02, July 19, 2002). That change of control took effect in November 2002 and resulted in the formation of a new parent corporation known as Comcast Corporation.

During our review associated with the above-mentioned change of control, Adelphia Communications Corporation ("Adelphia") notified the Department that seven (7) of the franchises in the unincorporated areas held by Adelphia under the franchisee name of Century-TCI were 25% owned by AT&T Broadband Corporation. Therefore, Section 16.60.170.B of the Los Angeles County Code requiring the County to consent to the sale, transfer, change of control or assignment of an interest of 25% or more of any cable television franchise would be applicable to these franchises.

The seven (7) Adelphia franchises are: Agoura unincorporated area (Ord. No. 90-0150F as amended), Glendora unincorporated area (Ord. No. 89-0146F as amended), Hacienda Heights et al. unincorporated area (Ord. No. 82-0117F as amended), La Habra Heights unincorporated area (Ord. No. 86-0113F as amended), Marina del Rey unincorporated area (Ord. No. 83-0205F as amended), Rowland Heights unincorporated area (Ord. No. 97-0046F as amended), and South Whittier unincorporated area (Ord. No. 83-0087F as amended).

When the Board approved the change of control from AT&T Broadband to the new parent entity of Comcast Corporation it did so without the County granting its consent to the change with respect to the Adelphia (Century-TCI) franchises. Since AT&T Broadband Corporation did not hold any managing interest in these Adelphia franchises, the change in control did not affect the operations of the Adelphia franchises. Subsequently, Adelphia has provided all necessary documents and fees, and the Department of Consumer Affairs has reviewed the franchises for noncompliance. The Department has determined that there are no issues that would prevent the County from granting consent to this minority interest change of control.

Implementation of the Strategic Plan Goals

Approval of this recommendation will assist in implementing the Countywide Strategic Plan goal of fiscal responsibility. This will ensure the continuation of revenue provided to the County by statute.

FISCAL IMPACT/FINANCING

There will be no cost to the County. These cable television franchises generate revenue to the County. Section 622 (b) of the Cable Act of 1984 (47 U.S.C. §542 (b)), gives the County the right to collect franchise fees of no more than five percent (5%) of total gross revenues collected by a cable television franchisee over a 12-month period. The County is collecting the maximum allowable fees and the change of control of the cable television franchises will not effect the collection of these fees.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Previously, Los Angeles County Code §16.60.170 vested the Director of the Department of Consumer Affairs with the authority to grant consent or deny applications for transfers and changes of control in cable television franchises when there were no material additions to the franchise. However, on September 14, 1999, your Board directed that all such applications be presented to you for approval or disapproval. This action is in accord with this direction.

Approval of the "Consent Letter" authorizes the transfer of the cable television franchises with Los Angeles County Code §16.60.170 and 47 U.S.C. §537 and within the time limit specified in 47 CFR §76.502.

Los Angeles County Code Section 16.60.170(c) states that the consent to a proposed transfer or change in control "shall be refused only if the director finds that the franchisee is in noncompliance with terms and conditions of the franchise and/or that the transferee is lacking in experience and/or financial ability to operate the cable television system authorized by the franchise."

The attached "Consent Letter" requires Adelphia Communications Corporation to comply with all of the terms and conditions of the cable television franchise, the County's Master Cable Television System Franchise Ordinance (Title 16, Division 4 of the County Code) and the provisions of the "Consent Letter". Any further assignment or change in control of 25% or more ownership of the cable television franchises will require the additional consent of the County.

The Office of the County Counsel has reviewed the attached "Consent Letter" and has approved it as to form.

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ENVIRONMENTAL DOCUMENTATION

The change of control of the cable television franchises is categorically exempt under CEQA pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301(b) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services. Adelphia will continue to provide cable television service to the residents of the unincorporated areas served by the Cable Television Franchises.

CONCLUSION

It is requested that the Executive Office-Clerk of the Board notify Mr. Lawrence Windsor, Region Gov't Affairs Mgr., Adelphia Communications Corp., 2939 Nebraska Avenue, Santa Monica, CA 90404, of the Board's action in this matter. It is also requested that conformed copies be forwarded to County Counsel, the Department of Public Works, the Auditor-Controller, and the Department of Consumer Affairs, Cable Television Franchising Division.

Respectfully submitted,

Pastor Herrera, Jr.
Director

PHJ:FT:EL

Attachments

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel
Department of Public Works
Internal Services Department



COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AFFAIRS

B-96 KENNETH HAHN HALL OF ADMINISTRATION
500 W. TEMPLE STREET / LOS ANGELES, CALIFORNIA 90012-2706 / (213) 974-1452
<http://consumer-affairs.co.la.ca.us>

MEMBERS OF THE BOARD

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PASTOR HERRERA, JR.
DIRECTOR

February 11, 2003

DOC. NO. CA 03-01

Via Fax and Certified Mail

Mr. Lawrence Windsor
Region Gov't Affairs Mgr
Adelphia Communications Corp.
2939 Nebraska Avenue
Santa Monica, CA 90404

**CONSENT OF THE COUNTY OF LOS ANGELES TO A CHANGE
OF CONTROL OF THE CABLE TELEVISION FRANCHISES FOR
THE AGOURA, GLENDORA, HACIENDA HEIGHTS ET AL., LA
HABRA HEIGHTS, MARINA DEL REY, ROWLAND HEIGHTS AND
SOUTH WHITTIER UNINCORPORATED AREAS OF LOS
ANGELES COUNTY RESULTING FROM THE MERGER OF AT&T
CORPORATION AND COMCAST CORPORATION**

Dear Mr. Windsor:

The County of Los Angeles ("County") granted franchises to operate cable television systems in the Agoura unincorporated area (Ord. No. 90-0150F as amended), Glendora unincorporated area (Ord. No. 89-0146F as amended), Hacienda Heights et al. unincorporated area (Ord. No. 82-0117F as amended), La Habra Heights unincorporated area (Ord. No. 86-0113F as amended), Marina del Rey unincorporated area (Ord. No. 83-0205F as amended), Rowland Heights unincorporated area (Ord. No. 97-0046F as amended), and South Whittier unincorporated area (Ord. No. 83-0087F as amended) hereafter referred to collectively as "the Cable Television Franchises" to Adelphia Communications Corporation ("Adelphia" or "Franchisee"). Through various subsidiary companies, AT&T Corporation holds a minority interest in the Cable Television Franchises of 25% or more.

Recently, AT&T Corporation and Comcast Corporation merged thereby triggering the County's consent requirements to a change of control of cable television franchises held by AT&T Corporation, by its subsidiaries or in cable television franchises in which it holds a 25% or greater interest. The County has already reviewed and consented to the change of control of those franchises with respect to cable television franchises directly held by AT&T Broadband by its subsidiaries. (See Doc. No. CA 02-02, July 19, 2002).

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However, this current consent action is being taken because the merger of AT&T Corporation and Comcast Corporation requires the County to consent to a change of control with respect to its 25% ownership interest in the Cable Television Franchises held by Adelphia.

The County's granting of consent to the "Change of Control" of the Cable Television Franchises does not affect the operations of the Cable Television Franchises. Adelphia continues to retain full management responsibility, general partner and managing partnership interest in the Cable Television Franchises.

Pursuant to the County's requirements, the County received an FCC Form 394, together with associated exhibits and accompanying documents ("the Change of Control Application") for a Change of Control of the Cable Television Franchises. Adelphia also submitted the fee required by Subsection 16.62.025(A) of the County Code for processing the application. The County has found the Change of Control Application sufficient with respect to the informational requirements contained in Section 16.60.170 of the County Code.

Therefore, the County hereby consents to the Change of Control of the Cable Television Franchise subject to the following terms and conditions:

- (1) Adelphia or any affiliate or subsidiary shall not contest the County's assertion that it has "rendered a final decision" within the meaning of 47 U.S.C. §537, and within the original 120-day review period and in the manner required by 47 U.S.C. §537 and 47 CFR §76.502.
- (2) The County's consent to the Change of Control of the Cable Television Franchises shall be voidable at the discretion of the County if the terms and conditions substantially as set forth in the Change of Control Application and this "Consent Letter" authorized by the Los Angeles County Board of Supervisors are not satisfied.
- (3) The County reserves all rights not expressly granted in this consent. This consent shall not manifest a waiver or release of any right, privilege or power held by the County, whether arising before or after the date(s) of the Change of Control of the Cable Television Franchises, unless such a waiver or release is stated expressly in this consent. The granting of this consent shall not, except as expressly provided herein: (i) limit the County's right to require compliance with the terms of the Cable Television Franchises; or (ii) waive, diminish or otherwise adversely affect any right the County

has or will have with respect to any matter, including, but not limited to, any renewal of the Cable Television Franchises or the County's rights to consider with respect to any cable television franchise renewal application, past or future breaches of the Cable Television Franchises; or (iii) increase any of the Franchisee's obligations under the Cable Television Franchises.

- (4) This consent letter shall not relieve Franchisee or any other successor entity holding the Cable Television Franchises of any existing requirement, provision, or liability contained in or arising from: the Los Angeles County Code; any Federal or State law; any Federal, State, or County rule, regulation, or specification; or the Cable Television Franchises.
- (5) This consent shall not be construed to grant or imply the County's consent to any other future Change of Control or transaction requiring the County's consent pursuant to the Cable Television Franchises, the County Code, or any applicable federal or state statute or rule. Except to the extent provided in Subsection 16.60.170(B) of the County Code, neither the Cable Television Franchises, in whole or in part, nor any portion of the cable television systems, in whole or in part, shall be sold, transferred, assigned, leased, hypothecated, placed in trust, or made the object of a change in control, without the filing of a prior written application with the County and the obtainment of the County's prior written consent to such a transaction.
- (6) The County is consenting to the Change of Control of the Cable Television Franchises on the basis of information in and accompanying the Change of Control Application as well as information provided during the County's consideration of the Change of Control Application. If any material change has occurred or occurs which supersedes the information submitted, or if the Change of Control of the Cable Television Franchises is not completed in material accordance with the prior submitted information, Franchisee shall inform the County in writing within thirty (30) days after such material change. If the County, in its reasonable discretion, determines that (i) such material change has an adverse effect on the ability of Franchisee to fully perform the obligations set forth in this consent or to fully perform the obligations under the Cable Television Franchises; or (ii) such material change

involves the ultimate Change of Control of the Cable Television Franchises to a third party, then further prior written consent of the County shall be required, in a manner consistent with Section 16.60.170 of the County Code.

- (7) Within thirty (30) days of the approval of this Change of Control of the Cable Television Franchises, Franchisee shall deliver to the County:
 - A. Express and unconditional acceptance executed by Franchisee, of the lawful and applicable terms and conditions of the Cable Television Franchise, the Los Angeles County's Master Cable Television System Franchise Ordinance, incorporated in Title 16, Division 4 of the Los Angeles County Code, in its most current form and as it may be subsequently modified or amended by Los Angeles County in the reasonable exercise of its police powers, and this Consent Letter. (Attachment I)
- (8) Franchisee shall continue and shall not fail to meet the obligations pertaining to Public, Educational and Governmental Access Support contained in the Cable Television Franchise.
- (9) If any term, condition, or provision of this consent shall, to any extent, be held invalid, preempted, or unenforceable, the remainder of this consent shall be valid in all other respects and continue to be effective.
- (10) If any of the material terms and conditions specified in this consent are not fully agreed to and/or satisfied within the specified periods of time, such failure shall constitute a failure to comply with a material provision of the Cable Television Franchises and shall allow Los Angeles County to pursue all remedies available under the Cable Television Franchise and Title 16, Division 4 of the Los Angeles County Code.

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Sincerely,

Pastor Herrera, Jr.
Director

PHJ:FT:EL

Attachments

c: Supervisor Gloria Molina, First District
Supervisor Yvonne Brathwaite Burke, Second District
Supervisor Zev Yaroslavsky, Third District
Supervisor Don Knabe, Fourth District
Supervisor Michael D. Antonovich, Fifth District
Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Department of Public Works
Internal Services Department

APPROVED AS TO FORM
BY COUNTY COUNSEL

LLOYD W. PELLMAN

BY: _____
Senior Deputy County Counsel

"ATTACHMENT I" TO A FEBRUARY 11, 2003 "CONSENT LETTER"

**Cable Television Franchisee Reaffirmation and Acceptance of the
Cable Television Franchises, the Master Cable Television System
Franchise Ordinance (Title 16, Division 4 of the Los Angeles County
Code) and the attached "Consent Letter"**

Adelphia Communications Corporation as holder of cable television franchises in the in the Agoura unincorporated area (Ord. No. 90-0150F as amended), Glendora unincorporated area (Ord. No. 89-0146F as amended), Hacienda Heights et al. unincorporated area (Ord. No. 82-0117F as amended), La Habra Heights unincorporated area (Ord. No. 86-0113F as amended), Marina del Rey unincorporated area (Ord. No. 83-0205F as amended), Rowland Heights unincorporated area (Ord. No. 97-0046F as amended), and South Whittier unincorporated area (Ord. No. 83-0087F as amended) ("the Cable Television Franchises") hereby agrees to abide by and/or satisfy, to the maximum extent required by law, the terms and conditions of: (i) the Cable Television Franchises; (ii) Title 16, Division 4 of the Los Angeles County Code (the "Master Cable Television System Franchise Ordinance") in its most current form and as it may be subsequently modified or amended by Los Angeles County in the reasonable and lawful exercise of its police powers; and (iii) the attached "Consent Letter".

Adelphia Communications Corporation warrants and represents that this "Attachment I", is executed by two persons lawfully authorized to act on behalf of it and to bind it with respect to the Cable Television Franchises. All terms and conditions contained in the attached "Consent Letter" dated February 11, 2003 are legally binding obligations of the Cable Television Franchises.

ADELPHIA COMMUNICATIONS CORPORATION

NAME: _____

TITLE: _____ DATE: _____

And

NAME: _____

TITLE: _____ DATE: _____

Note: All Signatures Must Be Acknowledged Before A Notary Public